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THE HOUSE ARMED SERVICES COMMITTEE

STATEMENT OF
GENERAL P. X. KELLEY
UNITED STATES MARINE CORPS
COMMANDANT OF THE MARINE CORPS
BEFORE THE
MILITARY PERSONNEL AND COMPENSATION SUBCOMMITTEE
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES
CONCERNING
MILITARY RETIREMENT SYSTEM
ON

2 APRIL 1985

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UNITED STATES MARINE CORPS

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GENERAL PAUL X. KELLEY, USMC

General Paul X. Kelley is the Commandant of the Marine Corps, Headquarters Marine Corps, Washington, D.C.

General Kelley was born on November 11, 1928, in Boston, Mass. He graduated from Villanova University with a B.S. degree in Economics and was commissioned a Marine second lieutenant in June 1950.

In March 1951, after completing instruction at The Basic School, Quantico, Va., he served consecutively as a platoon leader, assistant battalion operations officer and assistant division training officer with the 2d Marine Division, Camp Lejeune, N.C. He was transferred to the USS SALEM, Flagship of the 6th Fleet, during September 1952, serving as the Executive Officer and then the Commanding Officer of the Marine Detachment for a period of 20 months. He was promoted to captain on Dec. 16, 1953.

He was ordered to Camp Pendleton, Calif., in July 1954, where he served as a battalion executive officer with the 1st Infantry Training Regiment. Transferred to Japan in February 1955, he served as the Division Training Officer, 3d Marine Division. From August 1955 to June 1956, he served as the Aide-de-Camp to the Deputy Commanding General, and then as Assistant Force Training Officer, Fleet Marine Force, Pacific, in Hawaii.

Returning to the U.S. in July 1956, General Kelley became the Special Assistant to the Director of Personnel at Headquarters Marine Corps, Washington, D.C., until December 1957. Following his assignment in Washington, he completed the Airborne Pathfinder School at Ft. Benning, Ga. In February 1958, he was assigned to the newly activated 2d Force Reconnaissance Company, Force Troops, Fleet Marine Force, Atlantic, Camp Lejeune, where he served as the Executive Officer and then Commanding Officer.

From September 1960 to May 1961, he was the U.S. Marine Corps Exchange Officer with the British Royal Marines. During this tour he attended the Commando Course in England, served as Assistant Operations Officer with 45 Commando in Aden, and as Commander "C" Troop, 42 Commando in Singapore, Malaya and Borneo. On March 1, 1961, he was promoted to major.

He was assigned to Marine Corps Schools, Quantico, in July 1961, and served there as a tactics phase chief at The Basic School; and then Reconnaissance and Surveillance Officer at the Marine Corps Landing Force Development Center.

In June 1964, he assumed duties as Commanding Officer, Marine Barracks, Newport, R.I. He remained at that post until August 1965, when he was transferred to Vietnam and reported to the 3d Marine Amphibious Force, FMF, Pacific, as the Combat Intelligence Officer. Following this assignment, he served as the Commanding Officer, 2d Battalion, 4th Marine Regiment in Vietnam. He was promoted to lieutenant colonel on Jan. 20, 1966. During this tour as battalion commander, he earned the Silver Star Medal, the Legion of Merit with Combat "V" and two awards of the Bronze Star Medal with Combat "V".

From Vietnam, he proceeded to the U.S. Army Infantry School at Ft. Benning, where he served from August 1966 to July 1968, as the Senior Marine Corps Representative of the Commandant of the Marine Corps. He then attended the Air War College, Maxwell Air Force Base, Ala., graduating as a "Distinguished Graduate" in May 1969. For his excellence in politico-military strategy while a student at the Air War College, the Board of Trustees of the National Geographic Society elected him a life member.

He returned to Headquarters Marine Corps in June 1969, as the Military Assistant to the Assistant Commandant. He was promoted to colonel on April 1, 1970, and in June 1970 was reassigned to Vietnam where he commanded the 1st Marine Regiment, 1st Marine Division. General Kelley redeployed the regiment, the last Marine ground combat unit to leave Vietnam, to Camp Pendleton, Calif., in May 1971. During his second tour in Vietnam, he was awarded a second Legion of Merit with Combat "V".

Reassigned to the Washington area in July 1971, General Kelley served as the Chief, Southeast Asia Branch, Plans and Policy Directorate, Organization of the Joint Chiefs of Staff, where he remained until November 1973, when he was assigned as the Executive Assistant to the Director, Joint Staff. Upon completion of this tour he was awarded a third Legion of Merit.

Following his promotion to brigadier general on Aug. 6, 1974, he was assigned as the Commanding General, 4th Marine Division.

In June 1975, General Kelley was ordered to the Marine Corps Development and Education Command, at Quantico, where he assumed the duties as Director, Development Center. He assumed duties as Director, Education Center and was advanced to the grade of major general on June 29, 1976.

In May 1978, General Kelley was ordered to Headquarters Marine Corps, where he became Deputy Chief of Staff for Requirements and Programs.

On Feb. 4, 1980, General Kelley was promoted to lieutenant general and appointed by the President as the first Commander of the Rapid Deployment Joint Task Force, (renamed the United States Central Command (USCENTCOM) in January 1983), a four service force with headquarters at MacDill AFB, Tampa, Florida.

General Kelley was promoted to the rank of general and assumed duties as Assistant Commandant of the Marine Corps and Chief of Staff on July 1, 1981. He assumed his present office as Commandant of the Marine Corps on July 1, 1983.

General Kelley's personal decorations and awards include: the Silver Star Medal; Legion of Merit with Combat "V" and two gold stars in lieu of second and third awards; the Bronze Star Medal with Combat "V" and a gold star in lieu of a second award; the Joint Service Commendation Medal; Navy Commendation Medal; and the Army Commendation Medal. He is a Marine Corps Parachutist and U.S. Army Master Parachutist.

General Kelley and his wife, the former Barbara Adams of Fall River, Mass., have a daughter, Mrs. John Cimko.

(Revised July 7, 1983 HQMC)

Mr Chairman, distinguished members of the subcommittee:

It is a privilege for me to appear before this subcommittee to present my views regarding the military retirement system, specifically why our current system should not be changed.

The Marine Corps, as well as our sister Services, has as a part of its manpower system a characteristic that in my judgment is the single most compelling reason for a retirement system similar to what we now have. We can only bring in young men and women, and we can only get the experienced leaders we need, by keeping those men and women for many years until they mature and gain experience. We don't have the luxury of a manpower system of supply and demand that exists almost everywhere else, where qualified, experienced individuals move freely among employers and between the private and the public sectors. As a result, when we lose an experienced Marine, it takes many years and hundreds of thousands of dollars to replace him. We have to recruit four or five Marines, train all of them, wait four years to see which one has the talent and desire to progress and reenlist, then wait another four years or so until he has matured and learned his job to the level of that Marine who left us 8 years ago. So retention is all-important, and the retirement system is one of the most powerful incentives for retention.

The military retirement system, in other words, is primarily effective in helping to shape our force -- that is, to retain experienced Marines. Our current system has proven to be a powerful career incentive.

My support for retaining the current military retirement system

stems from the most recent analysis of our system conducted by the 5th Quadrennial Review of Military Compensation (5th QRM). That study was a significant contribution in allowing us to understand the importance of the current system and the effect any alternative system would have on each of the Services.

From a Marine Corps prospective, the 5th QRM has shown that any reduction in the retirement benefit without some form of counteracting compensation will reduce our career force, increase accession requirements, and reduce mission readiness.

I believe any such reductions in our career force are a legitimate concern for the security of our Nation. Our analysis of the four alternatives found in the 5th QRM report shows that projected losses in the career force, without some form of counteracting compensation, would reduce our officer/enlisted career force as follows:

<u>QRM</u> <u>Alternative</u>	Career Force of 5-30 YOS Losses	
	<u>Officer</u>	<u>Enlisted</u>
Reduced Cost-of-Living Allowance (COLA)	- 517	- 8,547
Reduced Multiplier	- 757	-10,880
Reduced Early Benefit	- 318	- 7,476
Combination (COLA & Reduced Early Benefit)	- 453	- 9,692

The Marine Corps cannot afford such a loss in its career force. We are only now beginning to cut through the force mix problems we experienced in the 1970's when our qualified pool of experienced noncommissioned officers and aviators left the Corps. Career force losses can be replaced only by new entry level accessions.

Therefore, saving retirement dollars under an assumption that annual modifications to the amount and types of active duty compensation will be used to fine tune the system and prevent sudden and seriously damaging losses of military personnel is probably unwise when evaluating our career force requirements.

This is especially true for the Marine Corps. Marines get most of their satisfaction from a shared sense of responsibility, from dedication to fellow Marines, and from serving in ready combat units with superb morale. If you will, our satisfaction comes mostly from the realization of our institutional values. Our career force perpetuates the institution, and to some extent compensation keeps it in balance. And, as with an efficient machine, adjustments to the elements of compensation -- particularly the key, stable element of retired pay -- should be made only after the most careful consideration of the effect of those adjustments on the character of the institution.

An additional concern associated with the potential losses in the career force deals with "quality." As I have previously reported, today's Marine Corps has the highest quality I have seen in my 35 years of service as a Marine officer. Current projections are that the future ability to recruit and retain the quality and quantity needed for mission accomplishment will be constrained by the reduced number of young males and an upswing in the economy. If that ability is further hampered by changes in the retirement system that reduce the attractiveness of a career in the Marine Corps, our quality manning objectives will be more difficult or almost impossible to attain.

My support of the current retirement system was confirmed by the projected results of changing the military retirement system found in the 5th QRM C report. This does not mean, however, that I am opposed to change. Proposed changes to the military retirement system should be viewed within the context of the impact on all aspects of the active force to include accession, retention, and readiness. We believe that, while the dollar outlays required now and projected for the future costs of retirement are important, the more significant considerations are the size, composition, and quality of tomorrow's Marine Corps.

The Marine Corps today is the most combat ready force to have carried the title Marine. It is a force composed of educated, patriotic, quality officers and enlisted Marines believed impossible to achieve not too many years ago. Our success is due in no small measure to the wisdom and past guidance of the Armed Services and Appropriations Committees in particular, and the Congress in general. Our current force of combat ready Marines is a product of long-term planning and constant supervision. Within the compensation mosaic, the military retirement system has been the one stabilizing factor and has been an essential force in shaping today's Marine Corps. The retirement system is working. I believe retention of the current system is in our best interest because of its contribution toward the fulfillment of our national security objectives, to do less would be to abandon the heritage passed to us by our forebearers!